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22 June 2020

Mr Anthony CHU
Public Accounts Committee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Mr CHU,

The Director of Audit's Report No. 74

**Management of funding for sports development through the Arts and Sport
Development Fund (Sports Portion)**

Regarding the request for relevant information on Part 4 of Chapter 1 of the Director of Audit's Report No. 74 in your letter of 9 June 2020, our response is as follows.

- (a) For the five-year period starting from 2020-21, the Home Affairs Bureau (HAB) will provide a time-limited funding of \$5 million per year to support a review by the SF&OC of the operation and internal monitoring mechanism of 79 “national sports associations” (NSAs) (including the Hong Kong Football Association (HKFA)) as well as the formulation of a code of governance for compliance by all NSAs. According to the proposal submitted by the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC), the funding will be mainly used for the employment of full-time staff to form a dedicated team to carry out various relevant tasks of the review and other related expenses. The funding is not intended to be allocated to individual NSAs.
- (b) The HAB has written to the HKFA on 8 May 2020 and requested it to submit an action plan on how it intends to address the issues identified in the Audit

Report for the Football Task Force (FTF)'s consideration. When handling the funding application of the HKFA's new strategic plan, the HAB will consider the HKFA's action plan and consider setting performance targets related to the HKFA's governance to monitor the progress of the HKFA's follow-up and implementation of relevant recommendations.

- (c) The HAB earmarked a total of \$125 million for the implementation of the HKFA's Five-year Strategic Plan (Five-year Plan) from April 2015 to March 2020. Since the HKFA's actual expenditure for the implementation of the Plan was less than the earmarked amount, there was unspent funding. The HAB has deployed this remaining amount to fund the HKFA's posts to maintain the required administrative and technical capability during the transitional period from April to June 2020. The HAB will review the HKFA's proposal on the creation of new posts when considering the funding application by the HKFA for the implementation of its new strategic plan.
- (d) The Handbook for National Sports Associations by the Sports Subvention Scheme of the Leisure and Cultural Services Department (LCSD) is at **Annex**.
- (e) We completed the mid-term review on the HKFA's Five-year Plan in 2018 and reported to the Panel in July 2018. The related outcome and recommendations are set out in LC Paper No. CB(2)1836/17-18(01). The review findings showed that the performance of the HKFA in some areas still required improvement. As mentioned in our report to the Panel in May 2019 vide LC Paper No. CB(2)1500/18-19(05), the HKFA is working on the following improvement measures to address these areas –

	Areas requiring improvement	HKFA's improvement measures
1.	Performance of the Hong Kong Team	<ul style="list-style-type: none"> • Use the new Football Training Centre to enhance the training of the Hong Kong Teams • Cooperate with clubs to better monitor the players' physical and competition states • Strengthen the scouting of potential players • Enhance the training of young players and closely monitor the performance of the junior teams
2.	Hong Kong Premier League (HKPL)	<ul style="list-style-type: none"> • Strengthen the education to clubs in relation to club licensing • Cooperate with the LCSD to enhance the match-day experience • Continue to allocate resources to prevent match

**Note by Clerk, PAC: Annex not attached.*

		fixing
3.	Communication and relationship with stakeholders	<ul style="list-style-type: none"> • Devise a marketing and communications plan • Strengthen communication with clubs and players • Use social media more effectively
4.	Reliance on public funding	<ul style="list-style-type: none"> • Consider developing activities and products etc. with commercial value to increase its commercial revenue • Continue to actively attract sponsorships from companies and other forms of support

The HAB completed the final review on the HKFA's Five-Year Strategic Plan in 2019. The review findings indicate that the measures adopted on the above four items have yet to bring any notable improvements.

- (f) The HKFA's Five-year Plan from 2015-16 to 2019-20 was concluded in March this year. Due to the pandemic, the HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for approval. Upon receipt of the formal submission on the new five-year strategic plan, the HAB will handle the funding application and consult the FTF expeditiously.
- (g) It is within the HKFA's purview to set the priorities and objectives in the promotion and development of football in Hong Kong. The HKFA is still working to finalise its next five-year strategic plan, which would soon be presented to its Board of Directors for consideration. When handling the funding application of the HKFA's new strategic plan, the HAB will consider setting performance targets to monitor the progress of the HKFA's implementation of relevant items.
- (h) The HKPL is a professional league. The 10 HKPL clubs operate commercially and need to comply with the regulations of the Asian Football Confederation and the HKFA. HKPL players, whether local or foreign, are employees of the football clubs. The remuneration package of each player is determined with his clubs and bound by a player contract, which is operated under the commercial market mechanism.

The HAB assists the HKFA to promote and develop football mainly through funding and venue support. Under the Five-year Plan, the HKFA is committed to improve the overall development of local football, organise leagues of different levels and various community promotion programmes, including the Youth Football Development Programme, the HKPL Junior Programme and the School Sports Programme, so as to enhance the

performance of local footballers, as well as provide more development opportunities and enhance the competitiveness of youths who aspire to be professional football players. In recent years, many clubs participating in the HKPL have increased their investment to tens of millions, and players' remuneration has also increased substantially. Upon our liaison with the Chinese Football Association (CFA), starting from the 2018 football season, the CFA Super League and the Chinese Football League has reinstated, starting from the 2018 football season, the practice of allowing each football team to register one player from Hong Kong to play in the leagues without counting this player against the quota of foreign players. This arrangement offers Hong Kong players more opportunities to participate in high-level competitions and receive better remuneration packages.

Yours sincerely,

(Paul CHENG)
for Secretary for Home Affairs